

Sample DBQ – Great Depression and New Deal

Prompt: How did the role of the government in the economy change during the Great Depression? Use your own knowledge and each of the following documents to support your answer. Be sure to cite the documents where relevant.

Document A



Document B



Document C

Tonight, eight weeks later, I come for the second time to give you my report -- in the same spirit and by the same means to tell you about what we have been doing and what we are planning to do....the Congress is about to pass legislation that will greatly ease the mortgage distress among the farmers and the home owners of the nation, by providing for the easing of the burden of debt now bearing so heavily upon millions of our people.

Our next step in seeking immediate relief is a grant of half a billion dollars to help the states, counties and municipalities in their duty to care for those who need direct and Immediate relief.

The Congress also passed legislation authorizing the sale of beer in such states as desired. This has already resulted in considerable reemployment and, incidentally, has provided much needed tax revenue.

We are planning to ask the Congress for legislation to enable the Government to undertake public works, thus stimulating directly and indirectly the employment of many others in well-considered projects.

Sample "A" Answer

During the Great Depression, many millions of people lost their jobs, the nation's banks faced a crisis, and America looked to the government for answers to the problem. Through a spending program called the New Deal, the role of the government in the economy changed dramatically. The government became larger and much more active than it had been previously. Between 1933 and 1941, the government took on the specific role of stimulating the economy through borrowing money and spending it to provide reform for the system, and relief for the nation's unemployed. This "Keynesian" economic system helped ease the suffering that the Depression had brought on.

There were a number of effects of the Great Depression on everyday people. One of those things was a banking crisis that limited the ability of people to access their savings, and for banks to give out loans. When many depositors demand their money simultaneously, a "bank run" would result in the closing of the bank (document A). When banks close, this causes numerous problems as banks are the primary way in which the circular flow of the economy grows. Banks are the primary loan giving institution in the economy. Without loans, many businesses struggle to start or stay in business. Because of the banking crisis, many people lost their jobs and were further unable to access their savings accounts. This had a profoundly negative impact on the economy. It motivated the government to become more active in providing relief for America's banks and the unemployed.

When President Roosevelt was elected in 1932, he committed to a massive spending program called the New Deal. There are a number of agencies he created which were aimed at relieving unemployment and reforming the way the economy works. Each of these were examples of how the government grew and became more active. Some of those agencies were the CCC (Civilian Conservation Corps), the FDIC (Federal Deposit Insurance Corporation) and the NRA (National Recovery Administration) (document B). Each of these new government actions were aimed at providing jobs for the nation's unemployed (CCC, NRA) or reforming the current system by ensuring that this crisis would not happen again (FDIC). Some criticized Roosevelt for trying to start a revolution in the economy, but he made sure to silence critics by demonstrating that the government had been involved in the economy in the past, in a less active and overt way. Document B demonstrates this belief by showing Roosevelt saying "it's evolution, not revolution gentlemen!"

President Roosevelt was also careful to keep the nation's confidence high and their fears low. To this end, he began a series of "Fireside Chats" to speak directly to the people in a direct, simple way. In these regular radio addresses he spoke of promises to get people back to work, to reform the system, and to give general ideas about what the government's new role in the economy would be (document C). President Roosevelt lifted the ban on alcoholic beverage production, for example, stating that it would provide reemployment and tax relief (document C).

During the Great Depression, the role of the government changed dramatically. Becoming more active and having an enlarged presence, it changed forever the way Americans thought of the purpose of government in the lives. Facing a banking and unemployment crisis, the government acted to protect banks in the future, get people back to work, and actively seek new ways to provide tax revenue. Today, many of the debates about the role of government in the economy remain relevant.